Implementation of Modified National Agricultural Insurance Scheme (MNAIS) <u>for Rabi 2011-12 on pilot basis</u>

Government of Maharashtra
Agricultural, Animal Husbandry,
Dairy Development & Fisheries Department
Government Resolution No NAIS -2011/C.R.-195/ 11-A
Madam Cama Marg, Hutatma Rajguru Chowk,
Mantralaya Annexe, Mumbai 400 032.
Date : 18th November, 2011

Read : 1) Ministry of Agri, Dept. of Agri.& Cooperation, GoI, New Delhi, letter No.13011/02/ 2008 - credit II, Dated 17th September, 2010.
2) Ministry of Agri, Dept. of Agri.& Cooperation, GoI, New Delhi, letter No13011/02/ 2008 - credit II, Dated 28th September, 2010.
3) Ministry of Agri, Dept. of Agri.& Cooperation, GoI, New Delhi, letter No.13011/ 02 /2008 - credit II (pt.), Dated 10th March, 2011.
4) Government Endorsement, No. NAIS-2011/CR-195 /11A, Dated 4th November, 2011
5) Government Resolution No. NAIS-2011/CR-195 /11A, Dated 14th November, 2011.
6) AIC letter No. MRO/RABI 2011-12/2011, Dated 14th October, 2011.

Resolution :

National Agricultural Insurance Scheme (NAIS) is being implemented in the notified areas for notified crops in Maharashtra Since Rabi 1999-2000 in cooperation with Agriculture Insurance Company of India Ltd. (AIC) to insulate farming community against agricultural risk. In view of representations, suggestions received from various levels, on going National Agricultural Insurance Scheme (NAIS) have been reviewed to make it more farmer friendly and accordingly the scheme has been modified as a new scheme namely Modified National Agricultural Insurance Scheme (MNAIS) by Government of India. MNAIS aims at sustainable production in agriculture sector there by ensuring food security, crop diversification and enhancing growth and competitiveness in Agriculture sector besides protecting farmers from production risk.

The scheme is to be implemented in three tahasils namely Rahuri (Dist. Ahmednagar), Mehkar (Dist. Buldana) and Washim (Dist. Washim) in rabi 2011-12.

The salient features in MNAIS as proposed by Government of India are as below :-

1. Minimum indemnity level in case of MNAIS is 70 % instead of 60 % as in NAIS.
2. Actuarial premiums will be paid for insuring crops and hence claims liability will be on insurer.
3. More proficient basis for calculation of threshold yield (average yield of last 7 years excluding up to two years of declared natural calamity) Will be applicable.
4. An individual assessment of claims will be carried out in case of specified localized calamity viz. hailstorm , landslide.
5. Unit area of Insurance for major crops is village / village panchayat.
6. Indemnity amount will become payable for prevented sowing / planting risks and for post harvest losses due to cyclones.
7. On account payment upto 25 % of likely claims will be released as advance for providing immediate relief to farmers during adverse season.

According to the decision taken in SLCCCI meeting held on 17th October, 2011, it has been decided to implement Modified National Agricultural Insurance Scheme (MNAIS) in co-operation with AIC of India on following conditions-

1) CROPS AND AREA TO BE COVERED

MNAIS is to be implemented in three tahasils namely Rahuri (Dist. Ahmednagar), Mehkar (Dist. Buldana) and Washim (Dist. Washim) for **Gram** Crop in Rabi 2011-12 in notified areas of circles or a group of circles as shown in the Annexure -1 appended to this Resolution.

2) FARMERS TO BE COVERED

All farmers, mentioned below growing notified crops in the notified areas are eligible for coverage under MNAIS-

i) Individual owner -cultivator/ tenant farmers / share croppers.

ii) Farmers enrolled under contract farming, directly or through promoters / organizers.

iii) Groups of farmers / societies serviced by Fertilizer Companies, Pesticide firms, Crops Growers associations, Self Help Groups (SHGs), Non Government Organization (NGOs), and others.

This scheme will extend coverage componentwise-

a) **Compulsory Component** - All farmers availing seasonal Agricultural Operations (SAO) loans from Financial Institutions (i.e. Loanee farmers) would be covered compulsorily.
b) **Voluntary Component**- The scheme would be optional for non – loanee farmers.

3) RISKS COVERED & EXCLUSIONS:

A) STANDING CROP (sowing to harvesting)-

Comprehensive risk insurance is provided to cover yield losses due to non - preventable risks, viz:

i) Natural Fire and Lightening
ii) Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.
iii) Flood, Inundation and landslide
iv) Drought, Dry spells
v) Pests / Diseases etc.

B) GENERAL EXCLUSIONS-

Losses arising out of war & nuclear risks, malicious damage and other preventable risks shall be excluded.

4) SUM INSURED / LIMIT OF COVERAGE

In case of Loanee farmers under Compulsory Component, the Sum insured would be at least equal to the amount of crop loan sanctioned / advanced, which may be extended up to the value of the threshold yield of the insured crop at the option of insured farmer. Where value of the threshold yield is lower than the loan amount per unit area, the higher of the two is the Sum insured. Multiplying the Notional Threshold Yield (district / region / state level) with the Minimum Support Price (MSP) of the current year arrives at the value of Threshold Yield. Wherever Current Years MSP is not available, MSP of previous year shall be adopted. The crops for which MSP is not declared, farm gate price established by the marketing department/board shall be adopted.

Further, in case of Loanee farmers, the Insurance Charges payable by the farmers shall be financed by loan disbursing office of the Bank, and will be treated as additional component to the Scale of Finance for the purpose of obtaining loan. For farmers covered on voluntary basis the sum-insured is upto the value of Threshold yield of the insured crop. If the farmer so desires, he/she may be provided with higher level of risk coverage. Sum insured up to value of threshold yield of notified area with normal premium subsidy but sum insured above the value of threshold yield and up to 150 % of the value of average yield without premium subsidy. i.e. farmer is required to pay premium at actuarial rates.

5) PREMIUM SUBSIDY:

While premium rates are to be worked out on actuarial basis, the premium paid by the farmer is subsidized on the following premium subsidy pattern.

S. No	Premium Slab	Subsidy to Farmers
1	Up to 2%	NIL
2	>2 - 5%	40 % subject to minimum net premium of 2 %
3	>5-10 %	50 % subject to minimum net premium of 3 %
4	> 10-15 %	60 % subject to minimum net premium of 5 %
5	> 15 %	75 % subject to minimum net premium of 6 %

Before start of each season, insurance company will work out premium on actuarial basis, as well as net premium rates (premium rates actually payable by farmers after premium subsidy for each notified crop).

Premium subsidy will be shared equally by Government of India and State Government.

6) PREMIUM RATES AND SUM INSURED FOR GRAM CROP AS PER ELIGIBLE LEVEL OF INDEMNITY:

Tehasil/ District	Level of Indemnity	Normal coverage per hectare (up to value of T.Y.)			Additional coverage per hectare (beyond T.Y. And up to 150% of A.Y.)		Total Sum Insured (Rs./ha)
		Sum Insured (Rs.)	Normal premium rate (%)	Net Premium rate after subsidy (%)	Sum Insured (Rs.)	Premium rate (%)	
Rahuri, Dist. - A`nagar	90%	**14200**	4.75	**2.85**	**9500**	4.75	**23700**
Mehkar, Dist. - Buldana	80%	**13100**	6.20	**3.10**	**11400**	6.20	**24500**

7) A comprehensive relief package has been announced to prevent farmers suicide in Vidarbha Region vide Govt. Resolution No. NAIS/205/CR352/11-A, Dated 24th February, 2006 which includes two districts namely Buldana and Washim. In these two districts, Government of Maharashtra will pay 45% subsidy in premium to small and marginal farmers for notified Gram crop. Small and Marginal farmers will pay premium at following rates. Where farmer opts for sum insured above 100 % and up to 150 % of the value of average yield, insurance cover is available without premium subsidy i.e., farmer is required to pay premium at actuarial rates.

Tahasil / District	**Level of Indemnity**	**Normal coverage per hectare (up to value of T.Y.)**		
		Sum Insured (Rs.)	**Normal Premium Rate (%)**	**Net rates of Premium (after applying premium subsidy) (%)**
Mehkar, Dist. Buldana	80%	13100	6.20	1.86
Washim, Dist.Washim	80%	13300	7.50	2.25

7.1) For the purpose of subsidy on premium to small & marginal farmers under the above mentioned MNAIS, the definition of Small and marginal farmers will be the same as mentioned in Government Resolution No. CSI 1299/CR.89/11-A, Dated 4th December, 1999.

8) Nodal Bank system, applicable presently under NAIS, will continue for MNAIS as well, wherein the insurance company is not required to deal with all loan disbursing points and deals only with designated "nodal points", at district level which are mostly controlling offices.

9) SCHEME APPROACH AND UNIT OF INSURANCE

A) WIDESPREAD CALAMITIES

The scheme would operate on the basis of 'Area Approach' i.e., Defined Areas (i.e. unit area of Insurance for each notified crop for widespread calamities).

B) LOCALIZED RISKS

In case of localized risks, Viz. hailstorm and landslide, the claims will be assessed on individual basis.

10) SEASONALITY DISCIPLINE

(a) The seasonality discipline for Loanee and Non-Loanee farmers will be as under :

Loanee Farmers and Non- Loanee Farmers		
Crops	Cut off date for Submission of proposals by farmers to the Banks	Cut off date for receipt of declaration by AIC from Banks.
Gram	One month from date of sowing/ planting or **31st December, 2011** whichever is earlier	Within one month from receipt of proposal or **31st January, 2012** whichever is earlier

11) ESTIMATION OF CROP YIELD AND SUBMISSION OF YIELD DATA

The State Government will plan and conduct the requisite number of Crop Cutting Experiments (CCEs) for notified crops (i.e.Gram) in the notified insurance units in order to assess the crop yield. The State govt. will maintain single series of Crops Cutting Experiments and resultant yield estimates, both for Crop Production estimates and Crop Insurance. Planning and supervision for all CCEs will be of the same order as that of General Crop Estimation Surveys (GCES).

It is directed that minimum 10 crop cutting experiments should be conducted at circle or group of circle level wherever it has been decided to consider circle or a group of circles as insurance unit. It is directed to calculate compensation under this scheme considering average yield data based on the crop cutting experiments at circle or group of circle level.

The commissioner of Agriculture, Maharashtra State, Pune should make arrangements to furnish the average yield based on the data of crop cutting experiments of the defined areas directly to the Agriculture Insurance Company of India ltd. before 31st July, 2012 for Gram crop.

In instances where required number of CCEs could not be conducted due to non-availability of adequate cropped area, the yield data for such units can be generated by Insurer by proxy indicators, such as clubbing with neighboring / contagious units, adopting yield of next higher unit, yield data generated by correction / correlation factor with next higher unit, etc.

12) THRESHOLD YIELD

The Threshold yield (TY) or Guaranteed yield for a crop in a Insurance Unit shall be the average yield of the preceding 7 years excluding the year(s) in which a natural calamity such as drought, floods etc. may have been declared by the concerned Government / authority, multiplied by level of indemnity. However, it may be ensured that at least five years` yield data is available for calculating the threshold

yield. The proposals along with notification for excluding the two calamity years (drought, flood etc.) shall be submitted through the District Collectors of the concerned districts with respect to the notified insurance units of the Talukas wherein MNAIS is to be implemented on pilot basis. Not more than two such years will be excluded from calculation of Threshold yield even in instances where calamity years are more than two during the preceding seven years.

13) NATURE OF COVERAGE AND INDEMNITY

(A) WIDE SPREAD CALAMITIES

The Scheme will operate on the bases of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities.

If the 'Actual Yield' (AY) per hectare of the insured crop for the defined area [on the basis of requisite number of Crop Cutting Experiments (CCEs)] in the insured season, falls short of the specified 'Threshold Yield' (TY), all the insured farmers growing that crop in the defined area are deemed to have suffered shortfall in their yield. The Scheme seeks to provide coverage against such contingency.

Indemnity` Shall be calculated as per the following formula-

$$\frac{\text{Shortfall in Yield}}{\text{Threshold Yield}} \times \text{Sum Insured for the farmer}$$

[Shortfall = 'Threshold Yield - Actual Yield' for the Defined Area]

The claim will be settled solely on the basis of the yield data furnished by the Commissionerate of Agriculture arrived at through the crop cutting experiments (CCEs) conducted by the State Government under the general crop estimation survey and not on any other basis such as Paisewari / declaration of famine / drought / flood by any Government Department / agency or any Panchanama etc. or certificate issued by any government authority.

B) LOCALIZED RISKS

The losses would be assessed on individual basis in case of loss / damage resulting from occurrence of identified localized risks viz., hailstorm and landslide. The cost of inputs incurred until the time of occurrence of peril and the expected loss in final yield due to the peril, would form the basis for loss assessment. In case of localized risks, implementing agency may utilize the services of concerned departments of the State government, such as Agriculture, Revenue and Rural development etc.

Losses arising out of localized calamities (wherever applicable) are assessed on individual farm basis. Hence it is essential that the affected farmers submit claim intimation to concerned bank and AIC within 48 hours.

C) PROCEDURE OF SETTLEMENT OF CLAIMS:

a) Upfront premium subsidy from Government of India and concerned State Government should have been received in full for the season, by insurance company to enable to settle the claim.

b) In case of widespread calamity (end of season claims), once yield data is received from State Government as per the cut-off-dates decided, claims will be worked out as per Declarations received from banks / channel partners / insurance intermediaries for each notified area and claims will be approved by Competent Authority of Insurance company.

c) In case of farmers covered on compulsory basis, claim cheques along with claim particulars will be released to individual nodal banks and banks, at grass root level, will credit accounts of individual farmers and display particulars of beneficiaries on notice board.

d) In case of farmers covered on voluntary basis, claim cheques in name of the insured farmers will be dispatched, either to individual farmers or routed through concerned channel partner for onward transmission on submission of advance discharge voucher by farmer.
e) In case of claims under localized calamity, insurance company will get claims approved by their competent authority after assessment and shall release the claims as given in (c) and (d) above.
f) Insurance company shall take all necessary steps to take appropriate reinsurance cover for their portfolio in order to safeguard insuree`s interests. In case premium to claims ratio exceeds 1:5 and insurance company fails to get appropriate cover, Government of India will provide protection to insurance company. For this purpose, Catastrophic fund at national level will be set up which would be contributed by Central and State Governments on 50:50 basis and overall loss exceeding 500% of gross premium will be met out of this fund.
g) Disputed claims / sub-standard claims, if any, will be referred through SLCCCI to GoI for consideration by insurance company; and decision of Government of India in case of any interpretation of provisions of scheme or disputes will be binding on State Govt. / Insurance Company / Banks and the farmers.

14) COMMISSION & BANK SERVICE CHARGES:

The servicing banks are allowed 2.5% of premium as service charges.

15) SERVICE TAX:

MNAIS is replacement scheme of NAIS, and hence exempted from Service Tax at par with NAIS.

16) SHARING OF RISK:

All claims will be borne by the Insurance Company.

17) District level Co-ordination Committee

The District level Co-ordination Committee, constituted as per the Government Resolution No. NAIS-12991/CR-89/11A, Dt. 4th December, 1999 is authorised to oversee the implementation of MNAIS in the district.

18) State Level Co-ordination Committee for Crop Insurance

The SLCCCI Constituted as per the Government Resolution No. NAIS-(IS-12991/CR-89/11A, Dt. 4th December, 1999 is authorised to oversee the implementation of MNAIS in the State.

19) The expenditure on this account should be debited to the budget head Demand No. D-3, "2401-Crop Husbandry-110 Crop Insurance-110(ii) Schemes in the Five Year Plan-State Plan Schemes-(00)(02) Comprehensive Crop Insurance Schemes (2401 0922)"-33- subsidies.

20) MONITORING & EVALUATION

The proposed scheme shall be monitored closely by the State Government, the implementing Agencies, Government of India at district & state levels. As the proposed Modified NAIS is to be implemented on the pilot basis in 3 districts, independent evaluation of the scheme shall be carried out after two years of implementation. Evaluation has been considered as an essential aspect of the formulation and execution of this scheme which is essential for the assessment of the progress & impact of programmes and for analysis of the reasons for success or failure and indication of the direction of improvement in programmes operation. Keeping this in view, an independent evaluation of Pilot Modified NAIS may be carried out through study for assessing the impact and success of the scheme with respect to the set objectives and based on the findings of the evaluation study, possibility to extend the scheme for implementation in all the districts in place of NAIS during 12th Five Year Plan would be examined.

21) This Government Resolution is being issued as per the approval given by the State Level Co-ordination Committee for Crop Insurance for Modified National Agricultural Insurance Scheme in the meeting held on 17th October, 2011.

22) The Government Resolution is made available on the website of Government of Maharashtra www.Maharashtra.gov.in and its unique code number is 20111118114646001.

By order and in the name of the Governor of Maharashtra.

(B.D.Umate)
Under Secretary, Government of Maharashtra

Encl: Annexure

To,
1) The Commissioner Agriculture, Maharashtra State, Pune (5 copies).
2) The Commissioner for Co-operation and Registrar of Co-operative Societies, Maharashtra State, Pune.
3) The Additional Registrar of Co-operative Societies, Maharashtra State, Pune.
4) The Chief Statistician, Commissionerate of Agriculture, Maharashtra State, Pune.
5) Regional Manager, Agriculture Insurance Company of India, Stock Exchange Towers, 20th Floor, Dalal Street, Mumbai 400 023.(5 copies)
6) The General Manager, Maharashtra State Co-operative Bank Ltd., 9 Nagindas Street, Mumbai-23.
7) The Chief Officer, Central Finance Agency, Maharashtra State Co-operative Bank Ltd., 9 Nagindas Street, Mumbai 400 023.
8) The Secretary, Finance Department, Mantralaya, Mumbai-32.
9) The Secretary to the Government of India, Ministry of Agriculture, Department of Agriculture and Cooperation, Krishi Bhavan, New Delhi (by letter)..
10) The Chief Officer, Rural Planning and Credit Department, Reserve Bank of India, New Central Office, Fort, Mumbai.
11) The Manager, Reserve Bank of India, Regional Office, Dr.Annie Besant Road, Worli, Mumbai -18.
12) The General Manager, NABARD, Poonam Chambers, Shivsagar Estate, Dr.Annie Besant Road, Worli, Mumbai 400 018.
13) The Deputy General Manager, NABARD, 54 Wellesly Road, Shivajinagar, Pune -411 005.
14) The Manager, Bank of Maharashtra, 1501, Shivajinagar, Pune 411 005.
15) The Credit Specialist, Planning Department, Mantralaya, Mumbai 400 032.
16) All Divisional Joint Directors of Agriculture/Divisional Statisticians, C/o Divisional Jt. Director of Agri.'s office.
17) All Managers, District Central Co-operative Banks.(Ahmednagar, Buldana and Washim)
18) The Director of Insurance, MHADA Building, 1st floor, Bandra (East), Mumbai 400 051.
19) The Accountant General, I / II (A&A)/(A&E), Mumbai / Nagpur.
20) All District Collectors. (Ahmednagar, Buldana and Washim)
21) The Director of Information and Publicity (for Publicity), Mumbai,
22) All District Superintending Agricultural Officers. (Ahmednagar, Buldana and Washim)
23) Select File, 11-A.

Annexure – 1

MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS)

Statement showing circles notified for implementation of MNAIS for Rabi 2011-12 season

CROP : Gram Rabi 2011-12

Sr. No.	District/ Taluka	Sr. No.	Circle	
1	**AHMEDNAGAR**			
1	Rahuri	1	Rahuri	+}
		2	Satral	+}
		3	Taharabad	+}
		4	Wambori	+}
		5	Bramhani	}
		6	Deolali	+}
		7	Takali Miya	}
2	**BULDANA**			
1	Mehkar	1	Mehkar	+}
		2	Hivara Ashram	+}
		3	Dongaon	+}
		4	Deulgaon Mali	}

Sr. No.	District/ Taluka	Sr. No.	Circle	
2	**BULDANA**			
1	Mehkar	5	Anjani Bk.	+}
		6	Shevgaon De.	+}
		7	Loni Gawali	+}
		8	Janephal	+}
		9	Nayagaon Dattapur	+}
		10	Warvand	}
3	**WASHIM**			
1	Washim	1	Washim	+}
		2	Pardi Takmor	+}
		3	Kondala Zambare	+}
		4	Pardi Asara	}
		5	Anshing	+}
		6	Nagthana	+}
		7	Rajgaon	+}
		8	Warla	+}
		9	Kekat Umara	}

Total No. of Circles Notified = 26

Note: Clubbing of Circles is denoted by " +} , } " sign